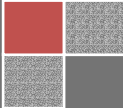




**COMPARATIVE
DISTRIBUTION WAREHOUSING
INDUSTRY COSTS**

BizCosts®....*The Cost of Doing Business*

BizCosts.com
Princeton, NJ



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EXECUTIVE SUMMARY AND NOTES***Introduction***

In the following **BizCosts**® analysis, major operating costs scaled to a representative 150-worker distribution warehouse are presented for a series of 72 comparative sites in the U.S. In the full **BizCosts**® **Report's** summary Exhibit I, annual costs are itemized and totaled and the full study ranks the 72 cities from the highest cost location to the lowest.

Annual operating costs were projected solely for comparative purposes, with only major geographically-variable factors being considered. Those costs not varying significantly with geography, including relocation and start-up expenses, were not considered. The **BizCosts**® analysis focuses on those key geographically-variable cost elements considered to be most pivotal within the distribution warehouse site selection process. Geographically-variable operating cost differentials are current for **2010 and 2011**.

Warehouse operating costs are scaled to a hypothetical 450,000 sq. ft. facility employing 150 nonexempt workers and shipping over-the-road to a national U.S. market. The full **BizCosts**® **Report** provides an independent and authoritative point of reference for the corporate planner's assessment of comparative operating cost levels in each of the surveyed sites. The format of the cost exhibits will allow the corporate planner to further tailor the cost data, warehouse specifications, shipping patterns and staffing needs to reflect alternate scales of operation and market expectations.

Comparative Distribution Warehouse Locations

For purposes of comparative economic analysis, major geographically-variable operating costs have been projected for a series of 72 locations in the U.S. The comparative sites all house major or emerging concentrations of distribution

warehousing activity. The 72 comparative U.S. locations included in the full **BizCosts® Report** are detailed below by region.

COMPARATIVE DISTRIBUTION WAREHOUSE LOCATIONS***New England Region***

- Bridgeport/Stamford/Norwalk/Danbury, Connecticut
- Hartford, Connecticut
- Providence, Rhode Island
- Boston/Cambridge, Massachusetts
- Worcester/Marlborough, Massachusetts
- Springfield, Massachusetts
- Manchester/Nashua/Salem, New Hampshire
- Portland, Maine

Mid-Atlantic Region

- Nassau/Suffolk, New York
- Rochester, New York
- Albany/Schenectady/Troy, New York
- Meadowlands/Northern, New Jersey
- Cranbury/ Central, New Jersey
- Lehigh Valley, Pennsylvania
- Pittsburgh, Pennsylvania
- Lancaster, Pennsylvania

Southeast Region

- Baltimore/Hunt Valley, Maryland
- Richmond, Virginia
- Greensboro/Winston Salem, North Carolina

- Raleigh/Durham, North Carolina
- Greenville/Spartanburg, South Carolina
- Atlanta, Georgia
- Savannah, Georgia

Florida Region

- Jacksonville, Florida
- Orlando, Florida
- Palm Beach County, Florida
- Miami, Florida
- Tampa/St. Petersburg, Florida
- Ft. Myers/Cape Coral, Florida
- Pensacola, Florida

Mid-South Region

- Nashville, Tennessee
- Memphis, Tennessee
- Birmingham, Alabama
- Huntsville, Alabama
- Louisville, Kentucky
- New Orleans, Louisiana
- Jackson, Mississippi

East North Central Region

- Cleveland, Ohio
- Columbus, Ohio
- Cincinnati, Ohio
- Indianapolis, Indiana
- Fort Wayne, Indiana
- Grand Rapids, Michigan

- Ann Arbor, Michigan

South Central Region

- Houston, Texas
- San Antonio, Texas
- Dallas/Ft. Worth, Texas
- Austin, Texas
- El Paso, Texas
- Oklahoma City, Oklahoma
- Tulsa, Oklahoma

West North Central Region

- Chicago, Illinois
- Milwaukee, Wisconsin
- Minneapolis/St. Paul, Minnesota
- Rochester, Minnesota
- Kansas City, Missouri
- St. Louis, Missouri
- Lincoln, Nebraska

Western Region

- Phoenix/Scottsdale, Arizona
- Tucson, Arizona
- Denver/Boulder, Colorado
- Salt Lake City, Utah
- Provo/Orem, Utah
- Seattle/Bellevue, Washington

- Portland, Oregon

California Region

- San Jose/Sunnyvale, California
- San Francisco, California
- Sacramento/Davis, California
- Los Angeles/Long Beach, California
- Orange County, California
- San Diego, California
- Riverside/San Bernardino, California

Comparative Nonexempt Labor Costs

Annual costs for nonexempt labor, including material handling, order filling, light assembly, clerical, maintenance and selected other warehouse support functions, are presented in the full ***BizCosts® Report's*** Exhibit II. Costs are based on a representative mix of 16 nonexempt job descriptions for the model distribution center. Comparative labor costs for management were not included as these costs would tend not to vary as significantly by geography, but rather by individual company compensation practices. Fringe benefit costs are included as a percent of annual base payroll costs and are assumed to include all statutory benefits, pay for time not worked, and company-sponsored benefits.

Comparative Electric Power and Natural Gas Costs

Comparative annual electric power and natural gas costs are presented in the full ***BizCosts® Report's*** Exhibit III. Annual costs reflect industrial rate schedules of the respective utilities serving each of the 72 surveyed areas.

Comparative Land Acquisition and Construction Costs

Exhibit IV in the full study presents comparative costs for the purchase of industrially-zoned land and the construction of new warehousing space in each of the 72 surveyed locations.

Comparative Ad Valorem and Sales Tax Costs

Exhibit V presents comparative ad valorem (property) tax costs in each of the 72 surveyed sites scaled to the land and building specifications of the model warehouse. Also presented in this exhibit are comparative local and state sales tax costs based on a fixed annual purchase of warehouse supplies, furnishings, equipment, and other taxable goods.

Comparative Shipping Costs

Transportation costs from each of the 72 surveyed sites to a designated national U.S. market are detailed in the full **BizCosts® Report's** Exhibit VI. Comparative costs reflect over-the-road shipments in truckload lots.

Comparative Lease Costs

In the full report's Addendum, comparative costs for the leasing of warehouse space in each of the 72 surveyed cities is presented on an annual per sq. ft. basis.

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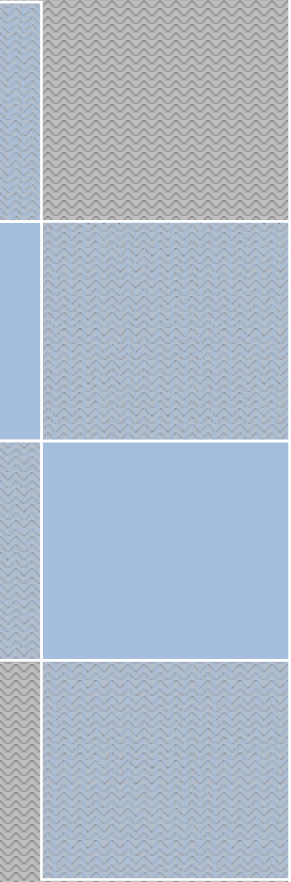
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